COSMETICS BY NUMBERS

manufacture, market, foreign trade and trends of cosmetics industry

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Evolution of the cosmetics industry

	Value 2018	Value 2019
Turnover in Italy	6,914 (+0.9%)	7,050 (+2.0%)
generated in professional channels *hairdressing, beauty salons*	*758* (+0.5%)	771 (+1.7%)
generated in other channels *mass market, perfume shops, pharmacies, herbalist shops, direct sales, e-commerce*	6,156 (+0.9%)	6,279 (+2.0%)
Export (turnover generated abroad)	4,877 (+5.7%)	4,972 (+2.0%)
Total cosmetic sector turnover	**11,791 (+2.1%)**	**12,022 (+2.0%)**

Data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change from previous year

The economic situation: channel trends

% of total market value		Change % 18-17	Change % 19-18	Forecasts* first half 2020
mass market	41%	1.1	0.8	1.0
perfume shops	20%	1.5	2.2	1.5
pharmacies	18%	-0.4	1.2	2.0
hairdressing salons	6%	0.5	2.0	1.5
direct sales	5%	-2.0	0.0	0.5
herbalist shops	4%	0.2	1.4	1.2
e-commerce	4%	22.0	22.0	20.0
beauty salons	2%	0.5	0.9	0.5
contract manufacturing	*horizontal*	4.0	3.5	2.5

*forecasts made before the spread of the Coronavirus emergency.
Data elaborated by Cosmetica Italia Statistics Dept.
Change % compared to the previous benchmark period.

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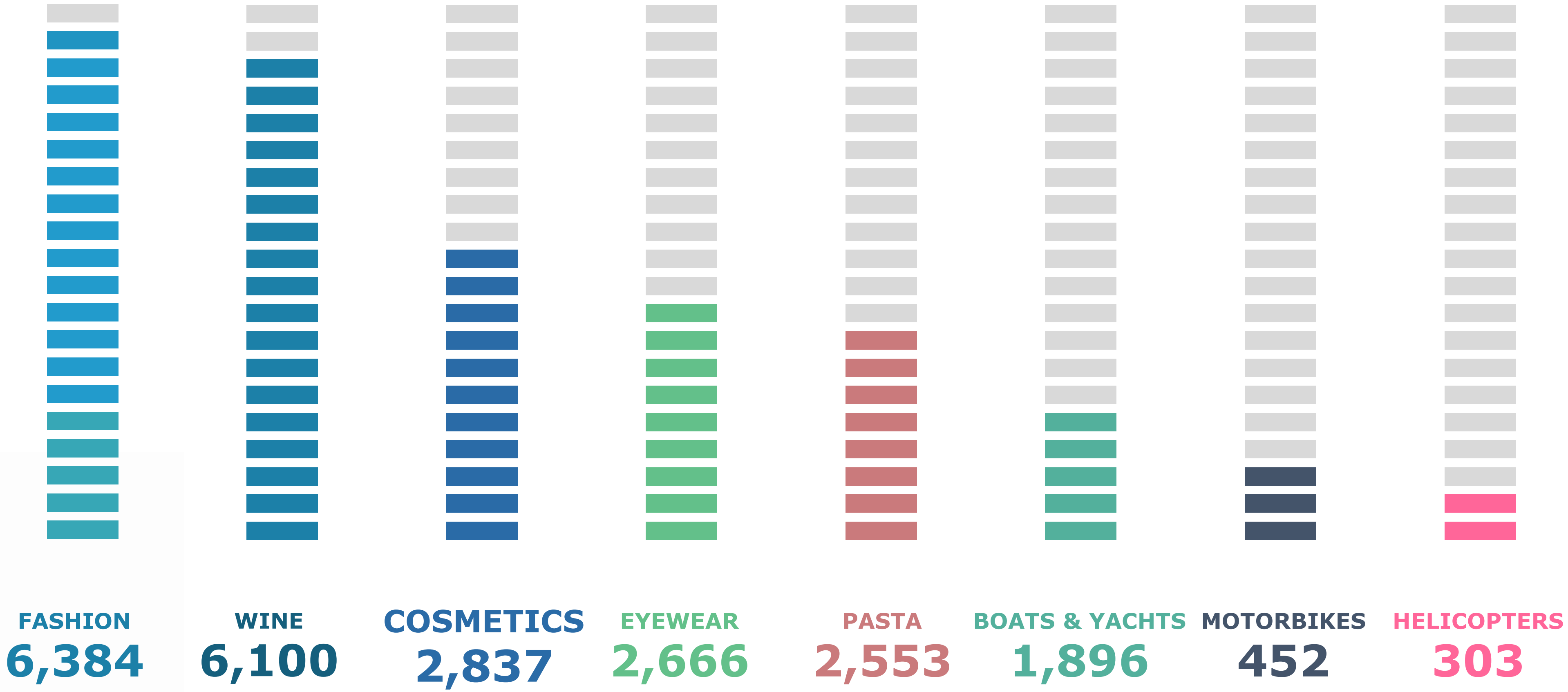
The leading sectors of Made in Italy

Worldwide trade balance



ISTAT data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change from previous year

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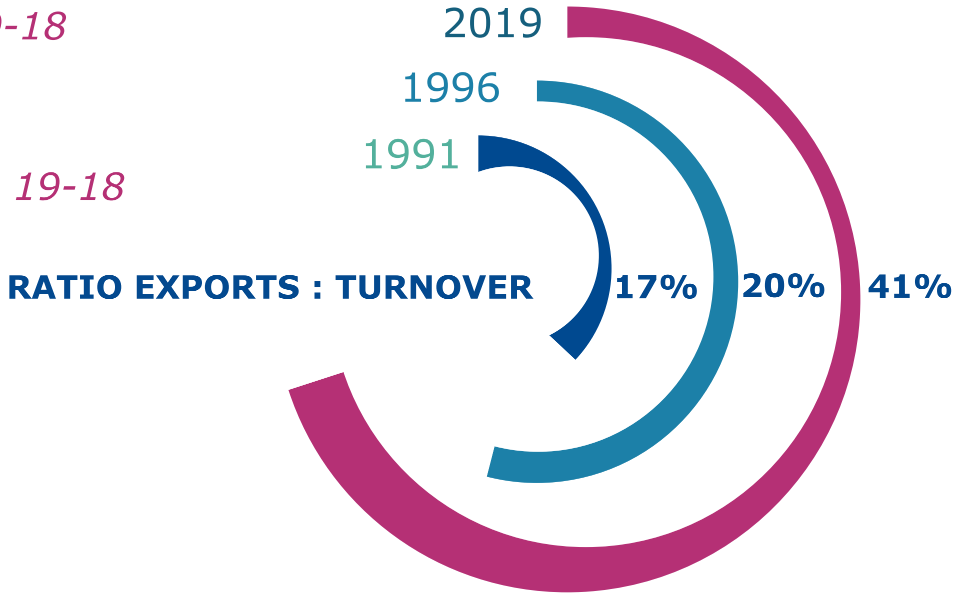
How competitive is Made in Italy?

Cosmetic imports and exports compared

	1991	1996	2019	
exports	287	856	4.972	*+2.0% % Var.19-18*
imports	494	725	2.135	*+3.7% % Var.19-18*
trade balance	-207	131	2.837	*€19 million delta 19-18*

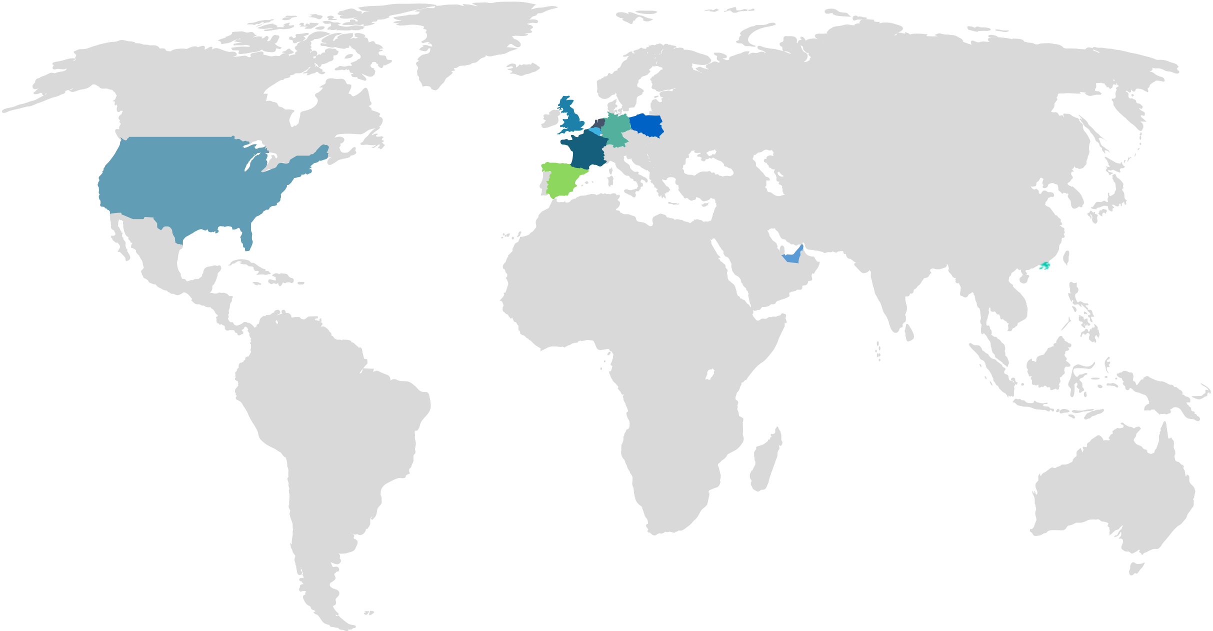


ISTAT data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change % 2019-2018

Italian cosmetics exports in 2019: the top 10 destinations

64% of all exports, worth €3,180 million, are concentrated in the top ten countries

1.	France	609	-4.2%
2.	Germany	562	2.4%
3.	United States	513	2.9%
4.	United Kingdom	351	3.8%
5.	Spain	294	-3.1%
6.	Hong Kong	244	-
7.	Netherlands	171	-2.6%
8.	Poland	156	-9.2%
9.	Belgium	140	10.6%
10.	UAE	139	-5.7%



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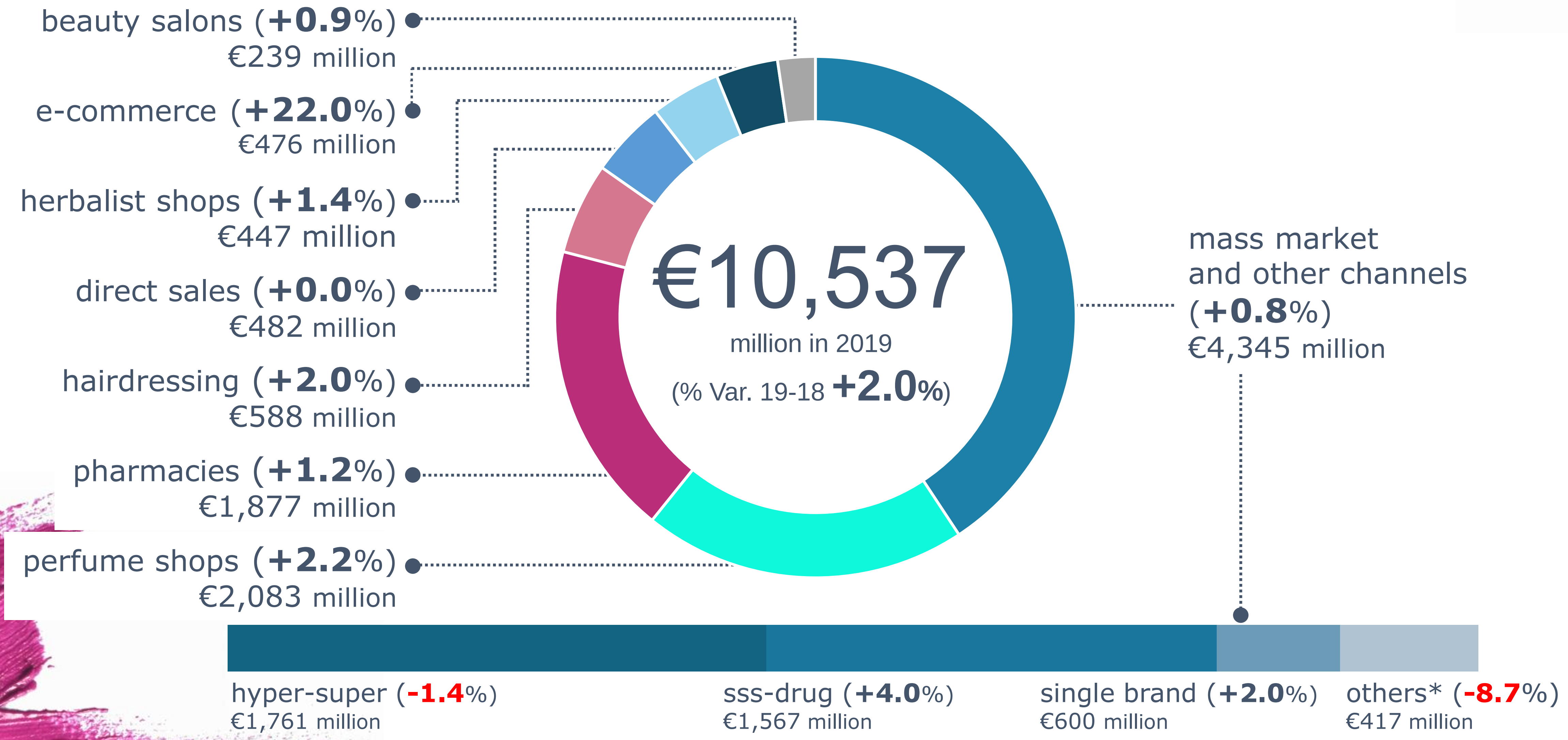
ISTAT data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change % 2019-2018

Italian cosmetics exports in 2019 by categories

Category	2019	% Var. 19-18
Alcohol-based perfumery	1,166.9	+3.2
Face and body care	1,019.1	+3.1
Make-up products	986.4	-0.7
Products for haircare	977.8	+4.1
Personal hygiene	367.5	-15.9
Oral hygiene	224.5	+6.4
Products for men	40.7	-8.2
Other products	189.1	+41.8
TOTAL	**4,972.0**	**+2.0**

ISTAT data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change % 2019-2018

The Italian cosmetics market in 2019



*Small retail and discount. Data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change % 2019-2018

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Consumption of cosmetics and specialised points of sale

Comparing the vales of sales and numerical values by channels of distribution in 2019

Data elaborated by Cosmetica Italia Statistics Dept.

* includes single-brand shops

** includes e-commerce, door-to-door sales and mail order

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Composition of the cosmetics market by products categories

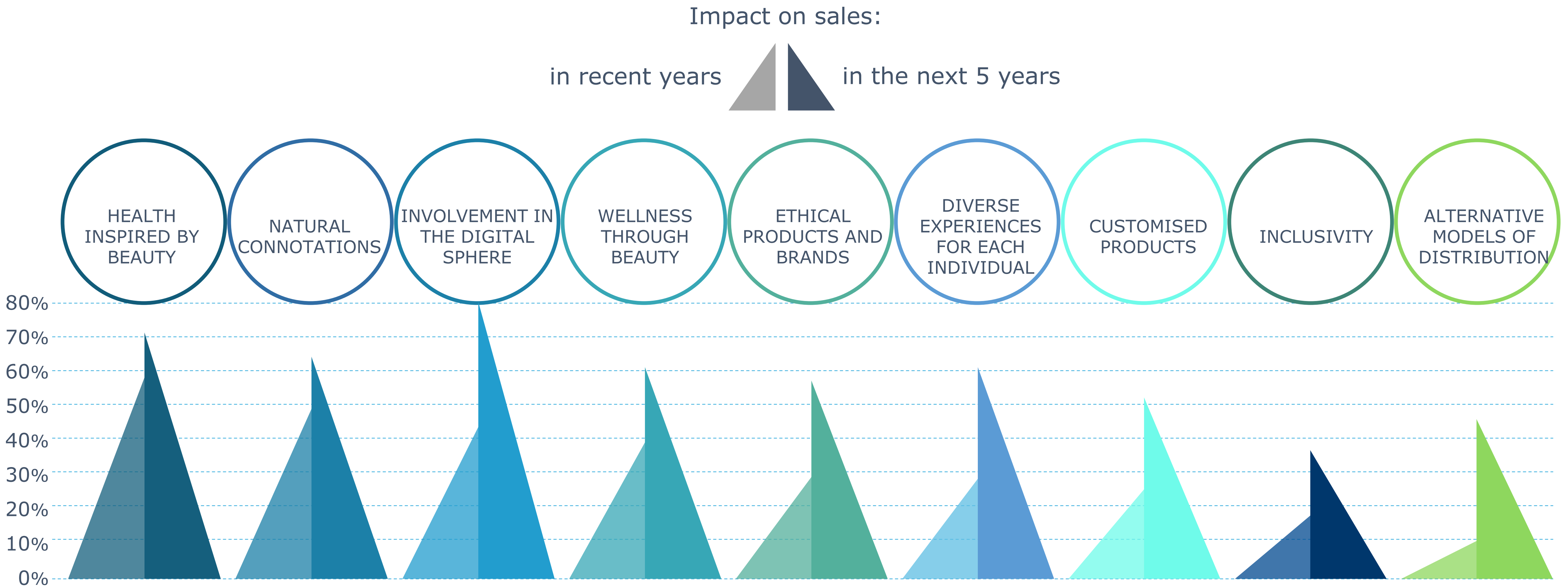
	%'19	% var'19-'18
Face	14.4%	+2.9%
Body	13.2%	+0.1%
Body hygiene	9.8%	-0.1%
Haircare	9.5%	+0.2%
Women's perfumes	6.5%	+3.7%
Oral hygiene	6.1%	+1.0%
Facial make-up	4.5%	+0.7%
Men's perfumes	4.0%	+3.5%
Eye make-up	4.1%	+1.1%
Lips	3.5%	+5.1%
Children's skin products	2.7%	-1.9%
Hands	1.8%	-1.2%
Products for men	1.4%	-2.0%
Gift packages	1.2%	+3.1%
Make-up boxes	0.5%	-0.6%

Data elaborated by Cosmetica Italia Statistics Dept.
Values in millions of Euros and change % 2019-2018

And in the next five years…

BEAUTY TREND WATCH

The phenomena expected to have the greatest impact on the cosmetics sector



Source: Euromonitor «International Beauty and Personal Care Industry Insights survey»

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Megatrends to 2030

BEAUTY TREND WATCH

IN THE INDUSTRY

INFORMATION | SCIENCE | TECHNOLOGY

Progress in software, hardware, apps and augmented reality will accelerate the *fourth industrial revolution*.

The ways that consumers choose, buy and interact with products will change significantly. Biotechnologies and laboratory research will have an ever-increasing impact on consumer wellness.

AMONG CONSUMERS

INSTINCT | TRUST | TRANSPARENCY

Everyday buying routines are conditioned by the emotional values conveyed by firms, values that go beyond their products' technical and scientific aspects.

For acquisitions that cater for specific requirements, consumers will conduct more research before buying a product: the role played experts – disseminators of information and influencers on the broad scale, will be questioned, but consumers will trust brands more.

Source: Mintel «2030 Beauty & Personal Care Trends»

Megatrends to 2030

BEAUTY TREND WATCH

SELF-PERCEPTION AS YOUNG AND LONG-LIVED

EMOTIONAL AND MENTAL AGEING

While on the one hand people will take more care of their appearance, making a more conscious and continuous use of cosmetic products, virtual relations will replace real life relations, generating a loss of our ability to relate at the level of human beings.
The concept of minimalism and of disconnection will make a come-back.

Source: Mintel «2030 Beauty & Personal Care Trends»

Megatrends to 2030

SELF-PERCEPTION AS YOUNG AND LONG-LIVED

The cosmetics industry will adapt its range of **anti-ageing** products to target not just the older segment of the public, but also younger age groups seeking **preventive** care of the non-aesthetic consequences of skin ageing:
(prevention = wellness).

EMOTIONAL AND MENTAL AGEING

Consumers will show two contrasting phenomena: on the one hand, the **omnichannel** model facilitated by wearable devices that will accompany the all-round buying experience; on the other hand the **sharing** of routines of buying and using cosmetics as a stimulus for socialisation:
(pre-party and multiphase products).

Source: Mintel «2030 Beauty & Personal Care Trends»

Megatrends: new generations of consumers

BEAUTY TREND WATCH

IN GENERATION Z...

14% focus on ingredients that are safe and natural in origin

50% perceive beauty as a function of hygiene and care for themselves

MILLENNIALS...

20% who use skin care products are influenced by online reviews and forums

50% perceive beauty as a function of a healthy appearance

Source: Euromonitor
«International Beauty and Personal Care Industry Insights survey»

Megatrends: mature consumer groups

The **life expectancy** of the Italian population is **11 years more than the world average**, with one of the world's highest proportions of over 65s: 22.8% of the total population.

Last year, the age index reached a level of 173.1. This means that there are **173 elderly inhabitants for every 100 young people** and it is the highest value anywhere in the world after Japan.

The share of the **demand** that can be attributed directly to the **over 65s** is huge and expanding: it will reach **30% in 2050.**

WHAT SHOULD YOU OFFER THEM?

PREMIUM POSITIONING

ANTI-AGE v. NO-AGE

BEAUTY = WELLNESS

Source: Confindustria Statistics Dept.

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